

Rich Walje comments:

- Upcoming: There will be announcements about MEHC management and goals
 - ScottishPower has done what they needed to do but could not make enough money to get support from SP shareholders for investments needed
 - MidAmerican Holding Company (MEHC) has different view about utility investments
- Rate Increase: More investment is needed to meet growth
 - Economy picking up
 - More jobs in state
 - Energy providers are responding to growth
 - Growth in Utah – three percent base energy, five percent peak
 - Company is also looking at other ways to meet growth through energy efficiency and conservation (Note: Jeff will talk about other ways to meet growth – conservation ethic)

Legislative Update from Senator Greg Bell:

- The public expects the legislature to anticipate problems and respond to them objectively
 - Meeting with interested stakeholders is necessary and everyone must work together
- Energy Bills are may seem “unexciting”, but we are in the midst of one of the biggest crises since the 70’s and people are more attuned to energy than ever (e.g. people are concerned about prices)
 - Legislature is keyed into production and development and removing barriers to that development.
 - Senator Evans, key leader on this issue, is not running for reelection
 - Also strong voices w.r.t. environmental quality and there are some state leaders on this
 - But more people need to take on the issues
- HB 46
 - Outcome of wide range of interest groups under PUTIC
 - Rising energy costs
 - Need for state energy policy
 - Resource development and discovery
 - Over-reliance on foreign energy sources
- Some tension between the Governor’s office and the legislature
 - Governor’s office is more nimble
 - Legislature requires more reporting
 - E.g.: Secretary of State vs. National Security Advisors

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- Energy Advisor Position created with responsibilities:
 - Reporting on resources in the state (both demand and supply)
 - Coordination across State Agencies
 - Promote access to development
 - Annual reporting to PUTIC, NREIC, and the governor
 - Study of oil shale, renewables, tar sands, nuclear (study with all the implications)
- HB 80: Sponsored by Rep. Hunsaker
 - State agencies are to coordinate to report on consumption
 - Agencies will provide annual energy report
- SB 241: Sponsored By Senator Dimitrich
 - Focus on new resources – tar sands and oil shale, coal to liquids
 - Sales tax exemption
 - Severance tax exemption
 - PUC preapproval for certain types of long-term contracts
- Adoption of State Energy policy is critical (Note HB 46 lays out the principals for a state energy policy)
 - A statement that Utah has a policy and we have taken a position
 - Need to develop a domestic supply
 - We need to have additional infrastructure to do this and need to provide a roadmap for developing it
- USTAR
 - Legislature adopted
 - 70 percent of basic research comes out of universities
 - Expensive but tremendous dividends
 - Fueled by private sector
- HB 309
 - Part of municipal tax returned to users when prices are excessive
- Two other bills
 - Clean Fuels Vehicle Fund (Representative Gowans)
 - Bio-diesel (Representative Noel)
- Natural Resources
 - Energy: Cooperation between agencies
 - What are follow-up items
 - Need to determine a single point of contact; is NR the place to do it or does it belong somewhere else?

Laura Nelson comments:

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- Thank you to Senator Bell. We appreciate his cooperation in the legislature getting this legislation in place and setting foundation for energy policy in state.

Representative Fred Hunsaker:

- Energy policy gives us a framework but we need implementation and input from this group will be critical to that. Energy policy is not the “end all”.
- Want specific pieces of legislation as next step. Interim committees are venue for this and want to build consensus-type bills to the extent possible.
- Meld what executive branch is doing with what legislature is doing
- Continue stakeholder involvement as part of this
- Focus on climate change and risk – Responsive monitoring

Curtis Clark, Energy Manager of the Energy Group Division of Facilities Construction and Management, Presentation on Utah State buildings Energy Efficiency Program: (NOTE: Also see Cutis’ presentation on the Policy Partnership website)

- Number ten on Governor Huntsman’s plan is to make state more efficient
- Activities
 - Heading market transformation, more Energy Efficiency (EE) and more responsive to Environment
 - Build team managers, designers, etc.
 - More efficiency in Operations and Maintenance (O&M). This year’s budget provides \$65 million for capital improvement. New construction is approximately \$500 million

Programs

1. Energy Efficiency Products
 2. Energy design standards
 3. High performance rating system
 4. Energy management team
 5. Utilize energy efficiency contracts (UPL)
 6. E S performance contracts
 7. Energy efficiency projects (K improvements)
 8. Recommissioning programs
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1. Energy Efficiency Products
 - Approved by state board
 - Will target certain products
 - As more demand – transform market and decrease price
 2. Energy Design Standards
 - More prescriptive approach
 - 10 percent Savings with lighting
 - 10 percent Savings with building envelope
 - Rest comply with code

3. Rating System
 - Energy Efficiency, water conservation, sustainable site standards, etc
 - Apply to new construction and major renovations
4. Energy Management Team
 - (HB 80) Support for doing energy projects in the state
5. UESC
 - DSM program provided by UPL
6. ESPC
 - Contracts for perf?
 - Services payment to contractor from future ?
 - No cost to the taxpayer (Note UVSC)
7. Energy efficiency projects
 - \$65 million in budget
8. Recom project
 - Currently doing three projects
 - Why target energy performance in state buildings
 - Cost savings to buildings and tax payers
 - Reduce pressure on system and reliability
 - Low pollution and impacts on Global Warming
 - Why high performance in state buildings?
 - Goals
 - Substantially improve energy efficiency
 - Conserve water
 - Incorporate daylight design
 - Better air quality, lighting, etc
 - Select materials of little or off-gassing
 - Sustainability site standards

Components

1. Design and Technology
 - a. Transform mindset; integrated and sustainable design
2. Prerequisites
 - Want to include all buildings
 - Life-cycle cost analysis, high performance and cost-effective to state
 - Standards for aspects of building, including landscape, lighting, etc.
3. Energy Efficiency Requirements
 - Energy Modeling

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- Will hire an energy efficiency engineer and evaluate all options for greater energy efficiency
- Note: For smaller buildings also has a plan (list) so modeling not needed.

4. Sustainability Credits

- What can they get from credits? What incentive is there to do it?
- NF6?: Starting with voluntary program, the value is the state agency can say they have “done it”.
- How is this related to LEED? Why not using it?
 - Main reason it was not adopted was cost, we felt it was too high.
 - We have focused on what will best serve state buildings and institutions

Mayor Dana Williams, Park City:

- We have been addressing the same issues at a municipal level
- Costly to achieve goals and how to do this

David Bremner (Architect)

- US Green Buildings Council
 - Highest cost of LEED is modeling
- Is the state going backwards with out LEED and with lower standard?
 - 25 percent standard applied 1999
 - 2004- Reduced to 10 percent
 - Clark standard save approximately 20 percent, without energy modeling
 - But for high performance will require modeling

Utah Proposal:

- Easy to apply and easy to enforce
- We know what we need and can specifically target those objectives

Jeff Bumgarner, PacifiCorp Director of Demand-side Management, presentation on PacifiCorp Energy Efficiency Initiatives:

- Works with all six states
- Utah Market: Increased focus on DSM
 - Leading with Investment in six states PAC serves
 - And support for DSM in the state has grown
- Why? Because of growth

DSM two components

1. Mange/Load Control

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2. Conservation/efficiency

Meeting energy needs (growth) will require both S and D

- S multiple options
- D management/conservation

1. Load Control – Goal is to shift load to off peak

- Barriers
 - Perceived sacrifices in services
 - Low incentives
 - Hard to get people focused on this
- Characteristics
 - Flex/Firm
 - Can be shaped
 - Limited availability

2. Conserving/Energy Efficiency

- Requires financial contribution from customer
 - Saves energy (versus shifting it)
- Characteristics
 - Requires little maintenance
 - Firm
 - Can be targeted
 - Lasts for life of equipment
- Energy Efficiency
 - Improves quality of life but have to past upfront financial barrier
 - EE unlike load control has a cumulative effect, builds efficiency in system
- Concluding comments:
 - D and S as noted required to meet needs
 - Continue to refine production and develop implementation options
 - Will address the three legs of the stool – energy, economy, environment

Question and Answer Session:

Mark Case: IRP has identified tremendous potential

- What is greatest barrier to getting the magnitude or cost-effective resources?
 - = Education for energy efficiency, mostly financial

Dan Johnson: Does rate structure support DSM?

- Yes: There is a tariff rider

Curtis Broadbent (Nucor): Value of DSM is dependant on PAC costs to get power

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What methodology does PAC use to determine value for programs?

Rich Walje:

- Have generation to meet approximately 70 percent of the peak demand.
- Need to build capacity,
- Purchases can be made but buy capacity but buy in 16-hour block and sell off shoulders
 - E.g.: goes into the western grid; i.e. market
- There are very interesting pricing discussions –
 - As an aside how do we consider a nuclear plant; where is hydro; what is state of O and M, etc.
- IRP considers availability on western grid to acquire resources

Senator Bell:

Conundrum: Incentives to save?

- Compensation for savings to the utility?

Some responses:

- More significant when in surplus but now currently in shortage
- So lost revenues are less an issue – at least for the electric utility
 - But remaining whole is important,
 - This becomes more important when market becomes flat and this is an issue because then it is not prepared for the next time.
 - So for Long-term sustainability we do need to look at incentives going forward.

Dan J: How do we measure our energy efficiency in the state?

Some responses:

- Two ways:
 - IRP: Overall targets collaboratively set by all stakeholders
 - In terms of actual metrics, there is standard Cost Effectiveness test for programs--Total Resource Costs, Utility Cost and Ratepayer Impact Measures – run all these tests when initiating monitoring program. Also, do annual evaluations of programs.
 - Baseline study as part of MEHC merger commitment

Rick Sprott:

- April 4-5: WRAP meeting in Salt Lake City at the Radisson Hotel
 - All environmental commissions in 14 states
 - Discuss issues and solutions to Regional haze
 - Considering how to look at Greenhouse gasses and climate change
 - How can we get credit for what's going on now?
 - Can we provide businesses competitive edge here in the state?

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Rich Walje:

- Thank you to Monica Hubbard
- Impact in neighboring states:
 - Wyoming benefits
 - Set aside \$2 billion this year for education
 - \$500 million for higher education
 - From economic development view we compete with Wyoming
 - Oil and gas revenues maybe can be used to create college graduates and higher paying jobs

Sarah Wright: Energy development includes renewables.

Laura Nelson: Thanks to all for participation and continued support and to PacifiCorp for hosting this meeting